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10



# SURVEY *of* CURRENT BUSINESS



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*Preview of the NIPA Comprehensive Revision:  
Statistical Changes  
U.S. International Services, 1997–1998*



# SURVEY of CURRENT BUSINESS

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It incorporates data from the following monthly BEA news releases:  
U.S. International Trade in Goods and Services (September 21),  
Gross Domestic Product (September 30), and  
Personal Income and Outlays (October 1).

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*The upcoming comprehensive revision of the NIPA's will feature a number of statistical changes that improve the estimates by using newly available source data or by introducing new methodologies. The major source data that will be incorporated include the 1992 benchmark input-output accounts, preliminary estimates from the 1996 annual update of these accounts, selected data from the 1997 economic censuses, and regular source data that would normally be incorporated in an annual revision of the NIPA's. In addition, methodological changes will be incorporated that make the income estimates more consistent with the product estimates, improve the estimates of State and local government taxes, provide a better measure of the real value of unpriced bank services, and improve the prices of a number of NIPA estimates.*

## *Regular features*

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### 1 Business Situation

*Real GDP increased 1.6 percent in the second quarter of 1999, according to the NIPA "final" estimate; the "preliminary" estimate issued last month had shown a 1.8-percent increase. The price index for gross domestic purchases increased 1.9 percent; the "preliminary" estimate had shown a 2.1-percent increase. Corporate profits decreased \$9.5 billion (revised), or 1.1 percent at a quarterly rate, in the second quarter after increasing \$47.1 billion, or 5.7 percent, in the first quarter.*

### 20 U.S. International Transactions, Second Quarter 1999

*The U.S. current-account deficit increased \$12.0 billion, to \$80.7 billion, in the second quarter of 1999; most of the increase was accounted for by a large increase in the deficit on goods. In the financial account, net recorded inflows surged \$43.2 billion, to \$116.9 billion; partly reflecting several very large acquisitions of U.S. companies by foreign companies, inflows for foreign-owned assets in the United States increased even more strongly than outflows for U.S.-owned assets abroad.*

## 48 U.S. International Services: Cross-Border Trade in 1998 and Sales Through Affiliates in 1997

*In 1998, U.S. cross-border exports of private services increased 2 percent to \$245.7 billion, and U.S. cross-border imports of private services increased 8 percent to \$165.3 billion; as a result, the U.S. surplus on cross-border trade in services decreased to \$80.4 billion from \$88.0 billion. In 1997, sales of services abroad by foreign affiliates of U.S. companies again substantially exceeded sales of services in the United States by U.S. affiliates of foreign companies: Sales by foreign affiliates were \$258.3 billion, up 16 percent from 1996, while sales by U.S. affiliates were \$205.5 billion, up 22 percent. About half of the increase in sales by U.S. affiliates was attributable to the use of new definitions of sales of services that are based on the North American Industry Classification System.*

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## LOOKING AHEAD

✿ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. The November SURVEY will provide a first look at the revised estimates. The December SURVEY will include an article that describes the comprehensive revision in detail and an extensive set of NIPA tables that present the revised estimates. (See also the August and September issues and this issue for articles that preview the comprehensive revision.)

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